

**FEBRUARY 24, 2005**

**SCHAKOWSKY PROMOTES FREE  
TAX SERVICES FOR EITC RECIPIENTS AND WORKING FAMILIES**

**EVANSTON, IL -** Joining volunteers, staff and clients, U.S. Representative Jan Schakowsky (D-IL) today toured the National Student Partnership (NSP) site in Evanston to promote free tax preparation services for working families and Earned Income Tax Credit (EITC) recipients. □ □

The NSP site offers free tax services by Northwestern University student volunteers to members of the surrounding communities. □ At this site, taxpayers are also eligible for financial literacy sessions, employment assistance and connection to other public benefits.

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□ "This IRS-sponsored site and many like it across the 9th Congressional District and Chicago enables hard working families and EITC recipients to file their taxes for free, without having to pay hundreds of dollars in fees and interest charges. At this NSP site, members of the community receive a valuable and money-saving service from well-trained and committed volunteers," Schakowsky said.

Following the tour, Schakowsky announced that she had introduced the Taxpayer Abuse Prevention Act (TAPA) to protect low and middle income working families who qualify for the EITC, an effective and proven anti-poverty program, from Refund Anticipation Loans (RALs), high cost short-term loans secured by taxpayers' expected refunds. □ The Taxpayer Abuse Prevention Act would prohibit tax preparers from using the EITC to secure RALs.

"Many families today are living paycheck to paycheck and they cannot afford to give up a few hundreds dollars of their EITC refund to tax preparers who are reaping millions of dollars in fees and interest charges. □ I look forward to working with advocates and volunteers who are actively engaged in a campaign to encourage more families to use the free tax services provided by NSP, ACORN, Center for Economic Progress and others," Schakowsky said.

**Facts about RALs: □**

RALs can cost EITC recipients up to 10% of their refund and can carry an effective annualized interest rates of about 94% to over 1837%. □ □ And even though EITC recipients make up only 17% of taxpayers, over half of those who receive RALs are EITC beneficiaries or about seven million. □ More than \$20 million was lost by working families

just in Chicago, who paid the costs of RALs in 2002. In the 9th Congressional District, 1 in 5 EITC refund recipient received a RAL in 2002. For a RAL, a consumer typically pays:

- . Loan fee to the lender, ranging from \$30 to \$115 in 2005.
- . Commercial tax preparation fee of around \$120.
- . Administrative, application or document preparation fee of about \$30.